



Utility Assessment

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Utility Assessment Overview

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Types of Utilities Assessed

- Gas & Electric (light heat power) 37
- Buses (regularly schedule routes in state) 3
- Pipelines (gas or oil) 37
- REMC's 41



Types of Utilities Assessed

■ Railroads	38
■ Telecoms (land line, cellular, VOIP, satellite, paging company)	119
■ Water & Sewer	40
■ Total (does not include railcar)	315



Annual Reports & Filing in General

- Annual Returns for non-railroad car utilities are due statutorily by March 1, but the DLGF (formerly known as the State Tax Board) has always given until April 1 for filing; we credit the postmark date.
- Companies may request an additional extension for good cause, if they request it in writing at least 5 days before April 1 (or the first Monday if the 1st is on a Saturday or Sunday).



Annual Reports & Filing in General

- We have a statutory June 1 deadline for mailing all tentative assessments; we have a statutory June 30 deadline for scheduling and holding all preliminary conferences and issuing final assessment orders for those companies who appeal our assessment.



Annual Reports & Filing in General

- In general, the companies report to us the historical or original cost of their property including intangibles. The intangibles and any locally assessed property are removed from the assessment. The property is then subject to federal tax depreciation.



Annual Reports & Filing in General

- The first year distributable equipment is placed in service the company can apply for a gross additions deduction of 60 percent of the taxable value of the property. If the company has construction work in process, it is added to the assessment at 10 percent of the depreciated value.



Gas & Electric Companies

- Gas and Electric company filers require extra schedules for the deduction of air and water pollution control equipment. (Schedules A-3 and A-4) These companies have definite situs distributable equipment such as their generating station equipment and power lines. (IC 6-1.1-8-9)



Buses (with regular routes)

- We currently have 3 bus companies that we assess. We only pick up companies that have regularly scheduled routes within the state. We do a unitary assessment by valuing all the buses and tires and allocating based on Indiana mileage divided by total mileage. (Schedule A-8) (IC 6-1.1-8-7)



Pipelines

- We trend the values each year based on factors from the Handy Whitman Index for gathering pipeline and transmission pipeline – it is a 30 year schedule for each type of property and the value covers 1 mile of pipe – broken out by sizes and type. (Schedule A-6)



Pipelines continued

- The taxpayers also fill out a schedule (A-7) that notes where their appurtenances or pumping equipment or meters are located. Their total value of both schedules is apportioned throughout the state based on the miles of pipe they have in each taxing jurisdiction. (IC 6-1.1-8-10)



REMCs

- The rural electric membership cooperatives have an option of reporting using federal accelerated tax depreciation, or of filing schedule A-5, which allows for additional depreciation over that allowable in federal reports, which is still less than federal accelerated depreciation. Their property values are divided out over their miles of distribution line. (IC 6-1.1-8-10)



Railroad Assessment

- By law the state assessment is to include any and all operating property and improvements: including rights-of-way, land used with operating improvements, and personal property.
- The only property to be locally assessed is the non-operating property, that has nothing to do with the railroad operations.



Railroad Assessment

- A silo leased out to a farmer to store grain is an example of something related to railroads that would be locally assessed. A non-railroad business spur is another, or abandoned track.
- Right of way and land is included in the total assessment, but not broken out by taxing unit on our return. It becomes part of the value per mile by type of track.



Railroad Assessment

- Transflo facilities , if they are owned by a subsidiary of the railroad company, are considered to be part of the operating property and part of the state assessment.
- Please, before selling any railroad property at tax sale – check the 11A for the proper mailing address of the railroad or contact me. It could save you from duplicate assessment.



Telecoms

- Currently we pick up land based phone companies, cellular companies, cable telephone companies, at least one pager company, and at least one satellite telecom. According to the Indiana Code, we are supposed to pick up telephone, telegraph, or cable companies. (IC 6-1.1-8-15)
- However, cable television companies were excluded under IC 6-1.1-8-3 (c).



Telecoms

- Telecoms property is distributed over their network either by miles of line or wire, or by percentage of equipment at certain locations.
- Currently, the assessment for the towers that the telephone company antennas are situated on are a local assessment, but anything that has to do with the running of the telecom network is part of the state assessment.



Water and Sewer Utilities

- Water and Sewer utilities are probably the easiest assessments we have to deal with. The sewer companies are generally located within one taxing jurisdiction. The water companies, on the other hand, may be small or very large. (IC 6-1.1-8-17 & 18)



Obsolescence

- Obsolescence is defined under IC 6-1.1-8-26 , 50 IAC 5.1-6-11, and 50 IAC 5.1-11
- We see the most obsolescence claims on telecoms and gas and electric companies; we also have obsolescence on railroads (Wisconsin Blue Chip Method) and the occasional pipeline company that has non-operating property.



Obsolescence

- As standard practice, we will allow depreciation of non-functioning assets to be reduced to a salvage value. The salvage value was 10 percent, but in some cases has been as low as 5 percent in extraordinary cases.
- Each claim is reviewed on a case by case basis.



Obsolescence

- The company must qualify and quantify their obsolescence under our definition and to our satisfaction. If we cannot come to an agreement, we will make our assessment final and let the company proceed to the next level of hearing at the Indiana Board of Tax Review. Their final step for resolution to their satisfaction is to the Tax Court.



Obsolescence

- These cases are the toughest to deal with due to the size and intricacy of the calculations and appraisals that must be reviewed in an extremely short period of time. However, when we are dealing with millions of dollars of assessed value, we do not want to agree to something that is not fair just as a matter of expedience. For this reason, sometimes cases have spanned a number of years of appeals.



11A Distribution

- We try to mail out the 11A notices in mid-July to the county assessor and county auditor of each county. If you do not have your 11A packet by the first part of August of the assessment year, please contact me to see when/if packets were mailed. A taxpayer also gets a copy of the 11A when we send their tentative assessment. We print and sort around 3000 pages a year. The total AV for 2008 was \$10,454,758,060.



Exempt Property and P.I.L.O.T.

- Municipal and governmental properties are exempt. Some companies, such as Consolidated Water of Indianapolis and IMPA file P.I.L.O.T. or Payments in Lieu of Taxes under local code. They figure their taxes based on how we would if we were assessing them (using the UD-45) and then report that AV directly to the taxing jurisdictions or county. (The city of Indianapolis files P.I.L.O.T. under IC 36-3-2)



Railroad Car Companies (IC 6-1.1-8-12 & 35)

- Any private car owner that transports goods (personal property) through the state over the rail lines in private railroad cars is considered a railroad car company. We receive reports from the major railroads – CSX, Norfolk Southern, Grand Trunk/Canadian National, Canadian Pacific/Soo Line, and Union Pacific.



Railroad Car Companies (IC 6-1.1-8-12 & 35)

- We data enter the reported mileage into a master excel mileage spreadsheet and compare reported mileage by the taxpayer to reported mileage by the railroads.
- In 2007 we processed around 410 Assessments for Railroad Car Companies.



Railroad Car Companies (IC 6-1.1-8-12 & 35)

- We send out assessment notices and an excel worksheet to the taxpayer or preparer. We then prepare a master listing to send to Dept. of Revenue for collections of the tax by December 31st of the assessment year. We use mileage from the prior year and do a unitary valuation. The money collected under IC 6-1.1-20 goes to support the rail commuter fund.



Railroad Car Companies (IC 6-1.1-8-12 & 35)

- If we have mileage, but no report, we send letters of inquiry and may file an omitted assessment for the taxpayer if they do not respond to any of our inquiries.
- This year we (Julie Waddell and I) processed 395 assessments for railcar and sent letters to 52 companies who filed zero reports. We also identified 65 potentially liable non-filers to be researched.



Railroad Car Companies (IC 6-1.1-8-12 & 35)

- We have a September 1 deadline to mail all tentative assessments to railroad car companies; September 30 to hold preliminary hearings on appeals and mail out final orders of assessments on those that appeal.



Omitted Filing

- If a company does not file and we have received no information that they have sold or are out of business, we mail a letter to the company requesting information. We might also email or fax them. If they do not respond, we have to make a filing for them. This is applicable to all utilities, including railcar companies. (IC 6-1.1-8-22)



Attorney General's Office

- We also have to notify the state Attorney General's office of all late and omitted (failure to file) filers. The penalty is \$100 per day that the return is late, but we cut off the penalty accrual at the time we make an assessment in the case of non-filers. We have to provide documentation to the Attorney General's office that shows our attempts to reach the taxpayer and obtain information as to their status.



Attorney General's Office

- We keep a log tracking the cases and the case numbers assigned by the AG's office and we also keep a log of the money collected for penalties. The money collected is deposited into the state general fund. In 2007 we had \$90,525.56 collected. In 2006 we had \$91,431.39 collected. Our largest collection to date was \$92,213.00, collected in 2005. In 2008 we have only had \$14,276.59 collected.



Investment Deduction (UDIDs)

- The UDID (or state form 52511) was created for utility companies to file for deductions under IC 6-1.1-12.4, for the investment deduction.
- This is the last year we will be dealing with this form, and the only thing on them for 2009 should be the third year claim for 2007's assessment year additions.



Investment Deduction (UDIDs)

- Worksheets and other documentation are available on our website under Assessments/State Assessed Distributable Property/General Forms. This information will be updated in the near future. Please contact me for any questions or concerns in working through this deduction.



Questions and Answers

- Does anyone have any questions or concerns?
- If you have specific questions after you return to your offices, please do not hesitate to contact me.



Thank You for Attending

- I hope this information is helpful to you.
- If you have any suggestions for how I can improve this presentation, I would be happy to receive them.
- Thank you for your time and attention.



Contact The Department

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